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COUNTRY PROGRAMMES AND MID-TERM REVIEWS

# Mid-term review of the fifth country programme for Zambia

## Report of the Administrator

Summary

The fifth country programme for Zambia, covering the period 1992-1996, was approved by the Governing Council at its special session in February 1992 (decision 92/10, para. 2) on the condition that an advance mid-term review be held in early 1993, which would take the form of a full-scale programming exercise, the results of which would then be submitted for the consideration of the Council, in the form of either a revised programme or a new country programme for the period 1994-1998.

In response to decision 92/10, an advance mid-term review meeting took place on 13 and 14 May 1993. The meeting decided that the five areas of concentration in the country programme should be reduced to three. However, in consultations between the Government and the Resident Representative, it was agreed to develop agriculture as a discrete area of focus. Industrial development, education and training, and women in development were dropped as areas of concentration. The first two were incorporated into the new areas of support to private sector development and support to social sector development, respectively. Women-in-development concerns will be incorporated into all four areas.

The meeting concluded that the modifications to the country programme recommended by the meeting did not justify a revision of the current programme or the preparation of a new one. However, it acknowledged that the timing of the advance mid-term review did not permit a substantive discussion on the implementation of the programme and an assessment of its impact on economic and social conditions. To achieve this goal, the meeting decided that a comprehensive mid-term review should take place in 1995.

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## I. INTRODUCTION

1. The fifth country programme for Zambia, covering the period 1992-1996, was approved by the Governing Council at its special session in February 1992 (decision 92/10, para. 2) on the condition that an advance mid-term review be held in early 1993, which would take the form of a full-scale programming exercise, the results of which would then be submitted for the consideration of the Council, in the form of either a revised programme or a new country programme for the period 1994-1998.

2. In response to decision 92/10, the mid-term review meeting was held on 13 and 14 May 1993. The main purpose of the review was to determine whether the country programme remained relevant to national policies and priorities of the new Government and was achieving its intended objectives. In this connection, it was noted that while some changes in emphasis in government priorities and policies had taken place, the economic and social policies of the current Government were overall not substantially different from those introduced during the last stage of the previous Government. However, changes were to a large extent reflected in the increased pace of implementation of reform policies to which the current Government had committed itself, as the new timetable for economic recovery and social rehabilitation was aimed at accelerating the recovery process. In this regard, concern was expressed by the meeting about the short-term social costs or negative effects of the structural adjustment process and the impact of the increased pace of implementation of economic and public sector reform measures on many groups in society.

3. In light of the above developments, a reorientation of the country programme was agreed upon to reflect a shift in emphasis from the five (largely sectoral) areas of concentration as originally identified in the country programme, to three (cross-sectoral) areas of focus. However, in consultations between the Government and the Resident Representative it was agreed to develop agriculture as a discrete fourth area of focus. The resulting four broad programme areas were: (a) capacity-building for economic management; (b) support to private sector development; (c) support to social sector development; and (d) support to agricultural sector development. At the same time, it was agreed that support to women-in-development concerns would be pursued rigorously throughout the programmes. The need to refocus the four programmes to capture better the social dimensions of adjustment was agreed upon. This should be done by carefully defining and formulating the various components under the four programmes identified.

## II. METHODOLOGY

4. In preparation for the mid-term review meeting, an assessment exercise was carried out between March and May 1993 by the Government in close collaboration with the UNDP field office. The broad approach of the assessment involved (a) review and analysis of all relevant documentation, including policy documents, project performance evaluation reports, tripartite review meeting reports and (b) interviews (and the administration of a questionnaire) with key Government officials, project technical staff, UNDP programme staff,

representatives of United Nations agencies and other donors, including non-governmental organizations (NGOs) and actual users of technical assistance. Two workshops were held, one on social issues and the other on economic issues. The information that was collected through this exercise was compiled in an issues paper, which was made available to the participants before the mid-term review meeting and served as a reference document for the meeting.

5. The mid-term review meeting was opened by the Deputy Minister in the office of the President and chaired by the National Commission for Development Planning. It was attended by senior officials from recipient ministries and institutions; the UNDP Resident Representative for Zambia; programme staff of the UNDP field office in Zambia; a team from UNDP headquarters; heads and other representatives of United Nations executing agencies, as well as some bilateral donors based in Zambia; and representatives of the private sector and NGOs.

## III. NATIONAL GOALS, PRIORITIES AND CONDITIONS

6. The Zambian economy has experienced low or negative rates of growth in gross domestic product (GDP) since independence in 1965, with an overall average rate of 1.1 per cent between 1965 and 1991, well below the average rate of population growth of 3.5 per cent. Much of the economic deterioration occurred in the 1980s. Between 1980 and 1991, average per capita income decreased by approximately one quarter. Consequently, the economy has been characterized by high unemployment and underemployment, accelerated inflation, high levels of structural poverty and inequality in wealth and income distribution. It is estimated that the richest 20 per cent of Zambians have 66 per cent and the poorest 20 per cent have 5 per cent of GDP. The serious deterioration of key indicators of social development is reflected, inter alia, in the rise in the infant mortality rate over the last decade from 80 to 108 per 1,000 live births and in the fact that 40 per cent of children under five are chronically malnourished. Per capita expenditure on education (1985 dollars) declined from $25.6 in 1982 to $8.2 in 1990. As a result of sharp deterioration in economic and social conditions, the General Assembly included Zambia in the list of least developed countries in 1991.

7. By the beginning of 1992, when the new Government came to power, the economy was experiencing negative levels of output and employment, high levels of poverty, an annual average rate of inflation of 93.4 per cent and an external debt of $7.2 billion. To improve economic performance and living standards, the Government decided to tackle inflation first. Notwithstanding, real GDP registered a negative growth rate of minus 2.8 per cent in 1992 against a planned positive growth rate of 2 per cent as the deterioration in the economic situation was compounded by drought. In spite of a substantial cut back in the fiscal deficit from 7.4 per cent of GDP in 1991 to 2.2 per cent of GDP in 1992, inflation accelerated to 191 per cent at the end of 1992. External debt declined from $7.2 billion in 1991 to $6.9 billion by the end of 1992 but remains problematic despite some rescheduling and debt buy-back schemes. The trade balance moved from a trade surplus of $129 million in 1991 to a deficit of $222 million in 1992, thereby causing the current account deficit to widen from $90 million in 1991 to $454 million in 1992. The Zambian economy has not been able to generate adequate employment. Between 1970 and 1990, formal employment

grew by only 100,000 while the population grew by 4 million. Between June 1990 and June 1991, formal jobs dropped by 12,200 from 371,800 to 359,600. It is not clear what the formal level of employment was in 1992. However, with output having declined by 2.8 per cent and job losses having occurred as a result of retrenchment programmes, it is unlikely that formal employment would have received any boost.

8. In order to restore growth, the Government embarked on a far-reaching and ambitious economic recovery programme for 1992 to 1994. The programme combines economic and financial stabilization measures with structural reforms, including public sector reform, privatization and parastatal reform, trade liberalization, diversification, especially of the export base, and tax reforms. The economic strategy recognizes the importance of market forces. The private sector will be the main engine of economic growth while the role of the State will be limited to creating an enabling environment for private sector development. The Government expects that improved economic performance based on the private sector will trickle down to the benefit of the population at large. At the same time, the programme seeks to make a long-term positive impact on the poor through rehabilitation and development of the social sectors while simultaneous measures are envisaged to offset or alleviate the short-term negative consequences of the adjustment programme on the vulnerable groups of society. Furthermore, greater attention is being paid to the protection of the environment on a sustainable basis.

9. The thrust of the economic and social policies pursued by the current Government is not substantially different from those adopted during the final years of the previous Government. However, the difference lies predominantly in the accelerated pace with which economic recovery measures are being pursued. The new Government has moved quickly to remove subsidies and price controls and to set privatization in motion. Initially, retrenchment of civil servants under the public sector reform programme was stepped up. These measures have led to increased prices of basic needs and social services and a substantial lay-off of civil servants. A far-reaching public service reform programme was approved by the Cabinet in March 1993; it includes a move away from retrenchment per se to the systematic restructuring of all ministries and government institutions, thereby rationalizing the public service. These developments have raised concerns among Government and donors alike about the high social costs and negative effects of adjustment and reform measures, especially in the short run. At the same time, the formulation and implementation of policies directed at social sector rehabilitation has lagged behind economic reforms since the Government has not yet fully developed an appropriate social action programme. The danger is felt that the democratization process that began in 1991 and the economic stabilization efforts might be put in jeopardy because economic reform measures are being stepped up without sufficient rehabilitation of the social sectors and the establishment of an adequate safety net to cushion the adverse consequences of adjustment for the poor.

## IV. ASSESSMENT OF THE ONGOING PROGRAMME

### A. Relevance of current programme

10. The fifth country programme for Zambia, as approved in February 1992, identified the following five areas of concern: agricultural development; industrial development; economic planning and management; education and training; and women in development. In pursuit of national development goals through cohesive national programmes, and in recognition of the need to internalize external inputs and ensure greater relevance, flexibility, cost-effectiveness and impact in relation to the national priorities and programmes, and in view of the move to a programme approach, the above areas of concern have been streamlined into the following four interrelated programmes: (a) capacity-building for economic management; (b) support to private sector development; (c) support to social sector development; and (d) support to agricultural sector development. Women-in-development concerns will be pursued with vigour throughout the four programmes. Furthermore, the themes of human development, poverty alleviation, environment and natural resources management, as well as human and institutional capacity-building cut across all four programmes. The country programme as a whole is operating on the basic premise that a country's economic and social performance is primarily determined by its human and institutional capacities.

11. During the mid-term review meeting, the following factors were considered: (a) the Government's economic and social policies for the period 1992-1994; (b) the increased pace with which reform measures are being implemented; (c) the recognition that there has been a deterioration in the economic and social situation and living standards of the population compared to those prevailing at the time the country programme was prepared; and (d) a full-fledged social action programme had not yet been formulated. Concern was therefore expressed by the meeting that certain measures under the economic recovery programme would impact negatively on the poor and vulnerable groups of the population at least in the short run. Hence, the meeting agreed that there was a need to put more emphasis across the four programmes on the social implications of the adjustment process, so that the alleviation of poverty and hardship of vulnerable groups should be emphasized in the country programme. In this connection, the meeting reaffirmed the country programme in its refocused form as being relevant to the current Government's priorities and policies, subject to further refocusing and fine tuning. This should be done by carefully formulating the components under the four programmes identified, taking into account adequate emphasis on measures to cushion vulnerable groups against adverse effects.

#### Capacity-building for economic management

12. This programme aims at strengthening national capacities to formulate, implement, monitor and evaluate Zambia's own development strategies and policies in support of long-term sustainable development. To achieve this, the programme is targeted at key economic and social management functions, including public service reform; information and data generation; economic policy analysis; development planning, programming and budgeting; and financial sector reform. The meeting recognized that national capacities to exercise appropriate economic and social management were currently inadequate. Hence, strengthening of these

functions was both appropriate and timely, and was in particular needed in view of the shift from a centrally led to a market-based economy. However, the meeting felt that in addition to addressing economic management issues, more attention should be paid to related social issues. Furthermore, it was noted that decentralization would be desirable to strengthen planning functions at the local level, enabling Zambia to determine and implement development priorities consistent with the overall short- and long-term planning framework, which in turn would ensure that benefits would more easily reach the population.

Private sector development

13. This programme aims to develop and strengthen the Government's capacity to provide an enabling legal, financial and institutional environment for the development of an indigenous private sector and to promote private sector development. Support will be provided to the Zambia Privatization Agency; the Legal Drafting Committee; the establishment of the One-stop Investment Centre; capital market development activities leading ultimately to the establishment of a stock market; and policy formulation and analysis. Furthermore, the meeting recommended in particular the promotion and development of small-scale and micro-enterprises as an integral part of the programme. The meeting reaffirmed that support to these areas was necessary and corresponded with the Government's objective to develop the private sector as the engine of growth. However, the meeting underscored that issues in this programme related to export diversification, industrial planning and appropriate technology should be given due attention, as reflected in the original country programme approved by the Governing Council.

Social sector development

14. This programme aims at assisting the Government in carrying out its short-term social sector rehabilitation programme, including the establishment of a social safety net for vulnerable groups, as well as building capacity to formulate, implement and manage medium- and long-term social policies in the areas of health, education, and water and sanitation. The meeting suggested that programmes directed at employment creation and income generation be given particular attention, keeping in mind any lessons learnt from earlier programmes and projects in these areas. The need was expressed to support efforts to deal with the HIV/AIDS epidemic. Furthermore, issues relating to the promotion of basic education curriculum development with emphasis on adult and continuing education should receive more attention.

Support to agricultural sector development

15. This programme aims to develop its potential for employment creation, income generation, export earnings and food security. At the same time, it was indicated that economic liberalization had greatly marginalized the smallholder farmers by making agricultural inputs expensive. Support to this group was needed, especially as they contributed heavily to cash incomes and household food security, which was an important objective of the Government's development plan.

## B. Programme effectiveness and preliminary impact

### Capacity-building/strengthening and sustainability

16. Problems related to counterpart support provided by the Government, in particular counterpart personnel and the funding of recurrent costs, and related problems were recognized by the meeting as having adverse effects on capacity-building efforts for sustainable development. As a result of the deterioration in the economic situation and consequent poor conditions of service, including low remuneration, Zambia has, over the last two decades, experienced a massive brain drain of skilled and experienced people in the public sector and thereby a serious decline in its human and institutional capacities to manage the development process. As a result, there has been only a limited pool of adequately skilled Zambian professionals to act as counterparts for technical cooperation, thereby undermining the transfer of skills, internalization of technical cooperation programmes and the sustainability of programme activities after the termination of donor support. In cases where counterparts were available, assumptions that the recruited experts would be able to transfer knowledge and skills has not always been met.

17. The need for group counterpart arrangements as an alternative or interim measure was reaffirmed. The need for gap-filling technical cooperation will be gradually phased out. The Government was implementing a public service reform programme to improve remuneration and other conditions of service to halt and reverse the brain drain. The meeting expressed strong reservation with regard to the extensions that had been requested for over 50 per cent of projects without convincing justification, which in turn raised concern about sustainability. The meeting reaffirmed the need to put more emphasis on capacity-building and human resources development in all four programmes under the reoriented fifth country programme. The major areas in which the Government required UNDP support were in the development and strengthening of national capacity to define policies and priorities and manage long-term development issues; to formulate policies and programmes; and to implement, monitor and evaluate national programmes. In this regard, the meeting endorsed the national technical cooperation assessment and programmes (NATCAP) exercise as an important instrument for assisting in the development of long-term capacity-building strategies.

### Thematic coverage

18. The meeting endorsed the emphasis the Government placed on issues pertaining to HIV/AIDS, environment and natural resources management, poverty alleviation, grass-roots participation, women in development and human development in the four programmes identified by the review meeting. However, with respect to women-in-development concerns, the meeting felt the concept should be made clearer than at present to ensure that the required implementation takes place. The importance of addressing HIV/AIDS was agreed upon, given its impact on the country's human resources capacities. However, the meeting warned against putting too much emphasis on HIV/AIDS to the exclusion of other diseases such as malaria and water-borne diseases, which also greatly contributed to high mortality rates and consequently impacted negatively on human capacities.

19. UNDP support in the area of poverty alleviation focused on a two-pronged strategy aimed at meeting immediate and emergency needs as well as setting the stage for a long-term, sustainable approach to social sector delivery. The meeting noted that poverty alleviation was a pressing issue, which was at the top of the government and donor agendas, and urged that assistance be provided in the formulation of national poverty alleviation programmes. It was indicated that these programmes should be based on realistic studies identifying both profiles and causes of poverty. With respect to the issue of environment, it was indicated that assistance to the protection of environment and natural resources on a sustainable basis should be provided. Focus was on reducing environmental degradation and pollution. Assistance was being provided to the formulation and implementation of the Government's environmental action and forestry plan, as well as biodiversity. On the issue of transfer and adaptation of technology, it was suggested that more specific interventions cutting across all sectors were required. In this respect, the need for appropriate technology was stressed. At the same time, it was highlighted that technical cooperation among developing countries (TCDC) was one of the appropriate modalities for the transfer of knowledge and technology.

Target beneficiaries: identification and outreach

20. It was recognized that there was a need to identify the target beneficiaries and to reach them directly, where possible, if the country programme was to be effective and have the desired impact. The target beneficiaries should be involved in all stages of the programme/project cycle, i.e., formulation, implementation, monitoring and evaluation, through discussions and site visits, so as to properly articulate the needs of the target groups in these programmes and projects. In this respect, the socio-cultural and other less visible aspects related to the beneficiaries should be taken into account.

Partnership with non-governmental organizations and United Nations specialized agencies

21. The Government is committed to use indigenous non-governmental organizations (NGOs) and community-based organizations (CBOs) in the design and implementation of technical cooperation. The efficiency and effectiveness of NGOs in the delivery of technical cooperation in the area of social services had been demonstrated during the drought relief programme. The meeting reaffirmed the involvement of NGOs in the country programme process, and urged that the country programme continue to build on the experience of NGOs, especially with respect to the social sector development programme. The meeting recommended that efforts should be made to identify and utilize NGOs and CBOs, especially those located outside Lusaka, through which assistance could be channelled, particularly to rural communities. The meeting recognized the contribution of United Nations specialized agencies in the execution and implementation of programmes and projects. It was suggested that the agencies should consider providing technical cooperation to NGOs in order to increase the capacity of these organizations in performing their tasks.

## V. MANAGEMENT ISSUES

### A. National execution

22. The meeting accepted national execution as an appropriate implementation modality. However, in light of the Government's current inadequate implementation capacity, the meeting recommended that this modality be implemented gradually. Based on experience with national execution of three UNDP projects under the fourth country programme, it was felt that in addition to training courses already conducted in the field of national execution, more training under the auspices of UNDP was needed. To this end, UNDP was in the process of assisting the Government to establish a national execution support unit to build capacity within the Government to implement technical cooperation programmes. This unit would play a crucial role in providing support to monitor training on a continuous basis. It was recognized that during the process of the gradual handing over of execution responsibilities to the Government, continued support from the United Nations specialized agencies would be required. Execution modalities such as subcontracting were considered inappropriate as they were unlikely to build indigenous capacities.

### B. Programme approach; component design and implementation

23. The meeting endorsed the commitment of both Government and UNDP to the programme approach modality. It was felt that the design of the country programme on the basis of the programmes agreed upon was appropriate. The meeting stressed the importance of the programmes being interlinked and urged that during the refocusing of the four programmes stronger linkages among the four programmes should be established. With respect to the assessment of ongoing projects, it was indicated that while overall results were satisfactory, weaknesses existed in the areas of training, government counterpart support and sustainability. It was recommended that ongoing projects be reviewed and the relevant ones incorporated in the four programmes.

24. With respect to the status of formulation and implementation of the four programmes, it was indicated that the private sector development programme was about to be finalized and its implementation would soon start; that the capacity-building programme for economic management was also under formulation and would be ready for implementation before the end of 1993; and that the social sector development and agricultural sector development programmes were only in the early stages of formulation.

### C. Modalities of technical cooperation

#### Training

25. Capacity-building being the major aim of UNDP-supported programmes, training was considered to be an important component and integral part of all UNDP-supported projects and programmes. In the period 1992-1993, training was undertaken covering the major sectors of the Zambian economy, including gender-in-development concerns. Formal training was complemented by study tours

abroad, seminars and workshops. One of the goals of the fifth country programme was to allocate 20-30 per cent of each project/programme budget to training. The programme would focus on a systematic approach to short-term and job-oriented training. Maximum use of local training institutions would be made, thereby promoting the creation of relevant institutional training capacities within the country. New methods of training, such as twinning arrangements between beneficiary institutions and centres of excellence overseas, would be encouraged.

Technical cooperation personnel

26. The meeting agreed that priority should be given to national professionals in the selection of project personnel and consultants. In this regard, continued use of National Professional Project Personnel was foreseen under the fifth country programme. It was highlighted that international experts should be used for short-term periods, acting primarily as advisers to their counterparts, thereby achieving the aim of capacity-building. The ability to transfer skills and knowledge would be an important criterion in the selection of experts and consultants. The meeting also reaffirmed the use of United Nations Volunteers (UNV) specialists and Domestic Development Services (DDS) field-workers under the programmes since it had not only proved cost-effective but also worked well in providing technical cooperation at the grass-roots and community level. In this connection, the meeting urged UNDP to explore the possibility of using national volunteers.

Procurement of equipment

27. Earmarking for equipment accounted for 20 per cent or $9 million of UNDP total commitment under the country programme. It was noted that delays were often encountered in the procurement and delivery of equipment, especially when it was ordered from abroad, which was the case for most of the equipment procured. Other problems highlighted were the theft of project vehicles, the high rates of accidents and damage to vehicles, as well as the lack of spare parts due to foreign exchange shortages. In this context, it was necessary that adequate provision be made for the maintenance and repair of equipment. Since it was expected that the fleet of project vehicles would increase in the coming years with the approval of an increasing number of projects and programmes, thought should be given to the establishment of a centralized workshop for the maintenance and repair of project vehicles.

## D. Support cost arrangements

28. The meeting discussed the new support cost arrangements, which replaced the former method of reimbursing United Nations specialized agencies that executed or implemented UNDP-funded projects. It was highlighted that this new modality provided greater transparency and competitiveness in accessing programme implementation services from a wider range of agencies, including United Nations specialized agencies, national and international institutions, governmental units, NGOs and private sector companies. The Government has taken a sound interest in the technical support service programme.

29. With regard to the TSS-1 programme, a study to analyse the status of water resource management was undertaken by the Department for Development Support and Management Services (DDSMS). The work was completed in May 1993 and a draft action plan submitted to the Government (Ministry of Energy and Water Development), UNDP and the Ambassador of the Swedish Mission in New York in June 1993. Although it has not yet responded officially to the draft, the Government has indicated approval of its contents and has requested help with the drafting of a project document. Accordingly, a draft project document was prepared by the Department for Development Support and Management Services (DDSMS) in September 1993 and transmitted to the Government to facilitate the process of project approval. The Government has welcomed the use of agency technical support services at the project level (TSS-2) for its projects executed by national institutions. The services are being incorporated in the design of the new programme support funded by UNDP.

### E. Monitoring and evaluation mechanisms

30. The meeting endorsed the need for objective, action-oriented monitoring and evaluation procedures for the fifth country programme. While it was felt that existing monitoring and evaluation modalities should continue to be used, the importance was stressed of establishing benchmarks under the programmes, against which progress, including capacity-building, would be measured and on which evaluation would be based.

## VI. AID COORDINATION AND RESOURCE MOBILIZATION

31. The meeting agreed that aid coordination and resource mobilization was the responsibility of the Government. The meeting took note of the fact that deficiencies existed in government capacities for aid coordination. Since the impact of aid flows had been below expectations, strengthening of these capacities was needed; to this end, aid coordination had been incorporated in the capacity-building for economic management programme. The meeting noted that coordination within and among ministries, and especially between the central ministries and line ministries, was weak, which was largely caused by a lack of policies and guidelines and a coordination mechanism on aid coordination. Other problems with regard to aid coordination included pressures to accept projects/programmes, rigid donor procedures and conditionalities, and non-provision of counterpart funding relating to a lack of internal coordination with the institutions responsible for budgeting. The meeting recognized UNDP support to the Government in donor meetings and consultations at all levels, including Consultative Group meetings. However, it was stressed that the ultimate goal was to improve government capacity and strengthen its leadership role in aid coordination and resource mobilization.

32. The meeting reaffirmed the NATCAP exercise as an important tool for strengthening aid coordination, particularly that relating to technical cooperation resources, which aimed at improving the quality and effectiveness of technical cooperation. A government statement on technical cooperation had been approved by the Cabinet in April 1993, and technical cooperation programming was

under way. A new technical cooperation management and coordination unit was being established in the National Commission for Development Planning.

33. The meeting expressed the need for exploring cost-sharing possibilities between the Government, UNDP and other donors. For this to be effective, all parties should be involved in the programme design phase, and the Government should encourage donors with the same interests to pool resources with UNDP. As donor contributions to UNDP are expected to be less than anticipated for coming years, UNDP contributions to the Government will in turn be reduced. As a result, an aggressive approach to resource mobilization was required in order to obtain cost-sharing and parallel financing from other donors as well as from the Government. It was indicated that in 1993 progress had been made with multilateral donors: the African Capacity-Building Foundation and the African Development Bank had provided cost-sharing to the capacity-building for economic management programme. The Management Services Agreement was endorsed as a formula to be used as a vehicle for technical cooperation delivery, especially with regard to World Bank or bilateral loans. Furthermore, although it was noted that pledges of $800 million made at the April 1993 Consultative Group meeting showed the strong commitment of the donor community to support the Government in its development efforts and was a positive sign with regard to the Government's role in aid mobilization, the meeting urged that momentum gained by the current success should not be lost and that the Government's leadership role in this area should be further strengthened.

34. Finally, it was highlighted that the country strategy note was under preparation and would serve as a substantive mechanism for mobilizing United Nations assistance in a collaborative manner. It was also suggested that programmes of individual United Nations specialized agencies should be jointly reviewed with the Government to identify linkages and avoid duplication.

## VII. CONCLUSIONS AND RECOMMENDATIONS

35. The nature and scope of the fifth country programme was extensively reviewed and the relevance to the Government's policies and priorities examined. Major constraints in programme preparation and management were identified. The meeting unanimously adopted the following recommendations.

Country programme/Government policies and priorities

36. The meeting expressed the need to address areas of special concern, such as women in development, environment and natural resources, endemic diseases, and poverty alleviation. However, the meeting felt that for each of the four programme areas of concern, the specific components should be clearly defined and formulated in order to ensure that the new priorities and emphasis of the Government were taken into account. Further recommendations made were the inclusion of "Decentralized planning, programming and budgeting" as an additional component in the capacity-building for economic management programme, and the inclusion of "Promotion and development of small-scale and micro-enterprises" as a separate component in the programme in support of private sector development. The meeting recommended that the Government and

UNDP take appropriate action to refocus the programmes in order to accommodate the issues raised during the meeting.

Programme management

37. The meeting supported the proposed modality of national execution, but recommended that it should be implemented gradually and cautiously. It was recommended that the role of each of the participating agencies should be clearly defined through consultations with the interested parties. The meeting recognized the importance of establishing a partnership with NGOs and CBOs at all stages of the project/programme cycle. Furthermore, the meeting recommended that evaluation and monitoring of the programmes should be based on realistic indicators focused on assessing output and impact. To this end, benchmarks should be developed for each programme and project.

Aid coordination and resource mobilization

38. The meeting reaffirmed that aid coordination is the primary responsibility of the Government, but called on UNDP to play a supportive role. The meeting also recognized the existing weaknesses in aid coordination among ministries on the one hand, and with United Nations specialized agencies and other donors on the other hand. To address these weaknesses, the meeting recommended that: (a) UNDP should continue to support the implementation of the NATCAP exercise; (b) policies and guidelines on aid coordination and mobilization of resources should be developed; and (c) the institutional framework for aid coordination and mobilization should be clearly defined.

Assessment of ongoing programmes/projects

39. Although the performance of the ongoing projects was generally satisfactory, there was concern about the tendency for project extensions and the consequent impact on sustainability. Concern was also expressed about the methodology used in the assessment exercise, and it was recommended that independent evaluation procedures should be included in future in order to ensure maximum objectivity.

## VIII. ACTION PLAN FOR FOLLOW-UP

Country programme/Government priorities and policies

40. With regard to the implementation of the reoriented fifth country programme, the components under each of the four programmes should be identified and formulated in more detail. The programme on capacity-building for economic management will include a component on "Decentralized planning, programming and budgeting". This programme is expected to become operational before the end of 1993. With regard to the private sector development programme, a separate component on the "Promotion and development of small-scale and micro-enterprises" will be formulated before the programme is approved by UNDP. This programme is expected to become operational in the third quarter of 1993. As the formulation of the social sector development and agricultural sector development programmes are still in their infancy, their approval and

implementation are unlikely to take place in 1993. The four programmes will be interlinked to ensure maximum impact.

41. The mid-term review meeting was held at a time when resources had already been almost fully committed, with resulting limited flexibility for initiating new activities. In this regard, the new orientation should be taken into account in the formulation of the sixth country programme, when new resources will be available.

Programme management and resource allocation

42. The management and monitoring procedures of the country programme are to continue as before, including the country programme management plan, tripartite review meetings, evaluation missions, annual project performance evaluation reports, monthly preparation of indicative planning figure (IPF) ledgers and Government/UNDP monthly meetings. Implementation of the programme and its components will be pursued through national execution, with the United Nations specialized agencies as cooperating partners on a gradual basis; the national execution modality will be implemented gradually. In the meantime, training of government personnel in this area will be intensified. This implementation modality will be strengthened through UNDP support to the establishment of the National Execution Support Unit.

43. The resource allocations for ongoing, completed and pipeline IPF-funded projects and programmes under the country programme are as follows:

| | $ |
|---|---|
| Ongoing and completed projects | 11 903 453 |
| Pipeline for capacity-building for economic management programme | 10 197 000 |
| Pipeline for private sector development programme | 3 781 040 |
| Pipeline for social sector development programme | 3 649 000 |
| Pipeline for agricultural development programme | 1 933 661 |
| Total | 31 464 154 |

These commitments and allocations are against a fifth cycle IPF established at $39,342,000, leaving an entitlement of $35,686,000 for the period 1992-1996 after taking into account the borrowing from the forth cycle of $3,656,000. Of the established IPF, 25 per cent, or $9,835,000, has been set aside as unprogrammed reserves, thereby leaving a balance of $25,851,000 for programming. The funding deficit of $5,613,154 will be compensated through parallel financing and cost-sharing, on which active discussions with the donor community and the Government are being undertaken through a consultative process.

Aid coordination and resource mobilization

44. With the assistance of UNDP, the Government will continue to strengthen its aid coordination capacities. In this regard, policies and guidelines on aid coordination and management will be developed, the institutional framework for aid coordination and resource mobilization will be improved, and the implementation of NATCAP activities will continue. Since IPF resources are limited, an aggressive approach to ensure cost-sharing will be pursued to increase the mobilization of resources. At the same time, the formulation of the country strategy note will be undertaken. Possibilities of applying the Management Services Agreement will be explored.

Evaluation and monitoring mechanisms

45. Benchmarks will be developed to measure the impact of the programme, particularly capacity-building, which will be the yardstick for the success or failure of the programmes and projects. Independent evaluation procedures reflecting the benchmarks will be incorporated within the existing UNDP evaluation procedures for technical cooperation in order to maximize the objectivity of the evaluation process.

Annex

FINANCIAL SUMMARY

I. RESOURCES

| | | $ |
|---|---|---|
| **A. Resources available for country programme period** | | |
| IPF | | 25 851 000 |
| Estimated cost-sharing | | 744 000 |
| Joint programme funding | | - |
| Total | | 26 595 000 a/ |
| **B. Commitments** | | |
| Approved programme/project budgets b/ | | |
| Approved and allocated IPF | 11 903 453 | |
| Approved and unallocated IPF | - | 11 903 453 |
| Pipeline programmes/projects | | |
| IPF | 19 560 701 | |
| Cost-sharing | 744 000 | |
| | | 20 304 701 |
| Total | | 32 208 154 |
| **C. Balance of resources available for further programming** | | |
| IPF | | (5 613 154) |
| Cost-sharing | | |
| Balance of resources available | | |
| | | (5 613 154) c/ |

a/ Compared to the $35,686,000 originally anticipated for the fourth country programme; the reduction results from the 75 per cent IPF programming limitation.

b/ "Approved and allocated" refer to those programmes and projects approved by the Action Committee or Bureau PAC for which there exist detailed, signed documents and budgets. "Approved and unallocated" represent the balance of funds available to the programme or project which have yet to be reflected in specific budget lines.

c/ This figure represents the net balance of IPF and cost-sharing resources available plus joint programme funding less approved and allocated/unallocated IPF and cost-sharing funding less pipeline IPF and cost-sharing.

## II. PROPOSED (P) AND ACTUAL (A) ALLOCATION OF RESOURCES BY AREA OF CONCENTRATION

| Area of concentration | IPF | | Cost-sharing | | Total | | Percentage of total | |
|---|---|---|---|---|---|---|---|---|
| | (P) | (A) | (P) | (A) | (P) | (A) | (P) | (A) |
| Econ. management | 5 879 | 12 153 | - | - | 5 879 | 12 153 | 22.0 | 37.7 |
| Industrial development | 2 960 | - | - | - | 2 960 | - | 11.1 | - |
| Private sector | - | 5 819 | - | - | - | 5 819 | - | 18.1 |
| Social sector | 5 500 | 6 835 | - | 470 | 5 500 | 7 305 | 20.5 | 22.7 |
| Women in development | 1 900 | - | - | - | 1 900 | - | 7.1 | - |
| Agricultural sector | 5 700 | 6 657 | - | 274 | 5 700 | 6 931 | 21.3 | 21.5 |
| Allocation by objective | 2 200 | - | - | - | 2 200 | - | 8.2 | - |
| Unprogrammed reserve | 2 615 | - | - | - | 2 615 | - | 9.8 | - |
| Total | 26 754 | 31 464 | - | 744 | 26 754 | 32 208 | 100 | 100 |

## III. ESTIMATED COMPLEMENTARY ASSISTANCE FROM OTHER SOURCES

| | At time of formulation of country programme | At time of mid-term review |
|---|---|---|
| UNDP-administered funds | - | 14 065 |
| Other United Nations resources | 47 000 | - |
| Non-United Nations resources | - | - |
| Total | | 47 00014 065 |

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